



RELATORIO DE SUSTENTABILIDADE 2020

GENTE E INOVAÇÃO
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CRESCIMENTO SUSTENTÁVEL

Algar ▶
Telecom

About the Report and Materiality

GRI 102-3, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56

Our Sustainability Report is in its 15th consecutive year of publication and provides information on **Algar Telecom** and its subsidiaries. Through this document, for the period **from January 1 to December 31, 2020**, we seek to annually demonstrate our best practices in financial and ESG (Environmental, Social and Governance) terms. That way, we want to introduce to our stakeholders our strategy for long-term value creation and our commitment to transparency and accountability to society.

We use the Global Reporting Initiative (GRI) standards, “Essential” reporting option, which imparts relevance, transparency and comparability to the information. We also use certain Integrated Reporting (IR) proposed by the International Integrated Reporting Council (IIRC), with a focus on the essence of and connection between performance and short, medium and long-term value creation, considering our financial, intellectual, human, manufactured, natural, social and relationship capitals. Our assessment also took into consideration the materiality map of the Sustainability Accounting Standards Board (SASB) for financial matters, which is considered more assertive regarding stakeholder requirements in the capital market.

Throughout the report, we show correlations between actions taken by **Algar Telecom** and the Sustainable Development Goals (SDGs) indicated in the chapter on the topic. Detailed explanations are provided in the chapter on our commitment to external initiatives, where we also show the evidence.

The financial information follows the International Financial Reporting Standards (IFRS) and was audited by Deloitte. Social and environment performance indicators were measured and validated internally and have not been subject to external checks.

The report is available on **Algar Telecom**'s website. We encourage you to send us suggestions, criticisms and comments on the contents and format of the report.

For more information on this publication, please contact the Company's Investor Relations department:

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Definition of Materiality

GRI 103-1, 102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 102-48, 102-49

The topics covered by this report were chosen by a process of reviewing our materiality matrix. With support of external outside advisory firm, we conducted a study underpinned by a market

analysis that considered reports from the Company’s peers on the national territory, assessing the following issues in the telecommunications industry:

Issue	Description
Access to communication	Assessing the Company’s efforts to seize growth opportunities for communication products and services in developing countries and in underserved markets (rural areas and the elderly).
Privacy and information security	Assessing potential regulatory risks, increases in spending or reputational risks due to breach of data or controversial use of personal data.
Corporate governance	Assessing the extent of the Company’s corporate governance practices that can pose risks to investors.
Work management	Assessing the complexity of the workforce (size, intensity and operation regions), the relationship between management and employees, work protections, and engagement efforts.
Corruption and instability	Assessing potential regulatory risks or loss of market access due to corruption scandals or political and social instability.
Carbon emissions	Assessing whether the Company can take on price increases due to carbon pricing or regulations.

From the identification of relevant issues in the industry, both globally and in the Company’s own view, we selected potential priority issues and conducted an online survey with internal and external stakeholders in order to determine the final priority issues. Internal stakeholders (executive board) surveyed totaled 28, and external 17, comprising customers, suppliers, franchisees, partners and sustainability experts.

The survey results led us to suggest expanding the list of material issues, and occupational health and safety was chief among themes that gained relevance in 2020. For ESG issues, the environment dimension continues to be perceived as less relevant, especially among **Algar Telecom** executives. For a balanced agenda, we added climate governance (emissions, energy and waste) to the topics. We also incorporated the energy management topic into Climate Governance, as **Algar Telecom** has a relevant management of the issue, which is strengthened by the benchmarks.

Material Issues

2019 X 2020 COMPARISON

2019 Issues	2020 Issues
Customer satisfaction	Customer satisfaction and experience
Customer privacy	Customer privacy and cybersecurity
Economic performance	Economic performance
Compliance with laws and regulations	Compliance with laws and regulations

2019 Issues	2020 Issues
Corporate governance	Corporate governance and compliance
-	Employee health and safety
Network reliability	Network reliability and system availability
Innovation	Innovation
Energy consumption	Climate governance (emissions, energy and waste)